GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6269
ANSWERED ON:06.05.2005
PLIGHT OF SMALL INVESTORS
Narhire Smt. Kalpana Ramesh

Will the Minister of FINANCE be pleased to state:

(a) The details of the measures taken by the government to safeguard the interest of general investors particularly minority shareholders in stock market;

(b) Whether the government have taken steps in this regard recently;

(c) if so, how these measures are different from the measures taken earlier;

(d) the role of the SEBI in this regard during the last year;

(e) the reaction of government on the role of SEBI and protection of investors; and

(f) the stand of the Government on the issues of higher demand cost and shifting of depository charges from small investors to company?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SH. S. S. PALANIMANICKAM)

(a) to (d) : The focus of reforms in the Stock Market has been to reduce market risks, operational risks and systemic risks. SEBI has been continuously reviewing its policies and drafting new policies and programmes to mitigate these risks, thereby enhancing the level of investor protection and catalyse capital market development. Some of the key measures implemented by SEBI in the secondary equity market are reduction in settlement cycle of transactions, risk management framework, issuance of electronic contract notes, prescription of a risk disclosure document, uniform documentary requirements for transactions across stock exchanges, uniform implementation of surveillance measures across the stock exchanges, issuance of comprehensive guidelines for investor protection fund/customer protection fund, rationalization of demat charges, specification of modalities for margin trading and securities lending and borrowing, operationalization of the first phase of the BSE Indonext trading , platform to impart liquidity to the stocks of small and medium cap enterprises, etc.

(e) : SEBI functions within the legal framework of the SEBI Act, 1992 with the objective of, inter-alia, protection of the interests of investors in securities. Accordingly SEBI strives to assure that the rights of investors are protected and they are able to make informed choices and decisions.

(f) : In order to address the various representations received from investors seeking a reduction in the charges incurred by them for dematerialization of securities, SEBI rationalized the dematerialization charges by abolishing account opening charges, charges for credit of securities into his account and recovery of custody charges from the issuer companies instead of from the investors.